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FOREIGN AGRICULTURE

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ISRAEL'S AGRICULTURE AFTER 20 YEARS

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Israeli botanist checks over castorbean plant in an experiment to develop new and hardier strains. His country has made rapid progress in agricultural productivity in the last 2 decades. See story beginning this page.

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Israel's Agriculture Af

By MICHAEL KURTZIG
Foreign Regional Analysis Division, ERS

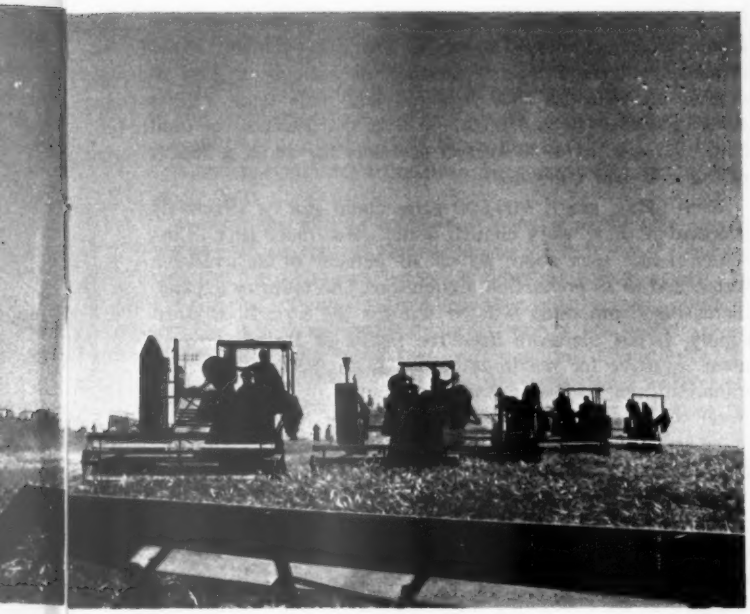
The 20 years since Israel's birth as a nation have seen that country develop a primitive agricultural system into one of the world's most modern and sophisticated farming operations. Where rationing of vital consumer goods once characterized this tiny country, today American-type supermarkets dot the larger metropolitan areas. And land that was once considered barren and unproductive now under irrigation produces much of Israel's agricultural needs.

Yet as with all nations, economic growth has sometimes been a painful process. For example, up to now Israel has not been able to solve the severe water shortages that have plagued that area for millennia and become more acute with population gains. The country's trade still results in dangerously large deficits, and with self-sufficiency in many farm products have come major marketing and quota problems.

Economic growth over 20 years

Reflecting the good and bad in Israel's agricultural development has been the economic growth rate. This rate, which rivaled that of any developing nation in the country's first 17 years, slowed to a sluggish 1 and 2 percent in 1966 and 1967, but should be back up to over 8 percent in 1968.

Israel's early years were characterized by a large influx of immigrants and a heavy inflow of financial resources. This made possible a yearly rate of gain during 1954-64 of about 10 percent (6 percent when the rapid population growth is considered)—a rate that was matched by few other countries. Japan, Trinidad and Tobago to be sure also enjoyed such rapid growth, but certainly not with the exigencies that marked Israel. In the most advanced nations of Western



Grains (being harvested at left) and irrigation (above) reflect two sides of Israel's agriculture. Grain has been a problem owing to the country's inability to produce enough, while irrigation has helped make Israel flourish. (Photos courtesy Israeli Government and Jewish National Fund.)

ıre After 20 Years

Europe, average rates were around 6 percent; in the United States, about 3 percent.

Another good barometer of Israel's economic advance is per capita income. In 1954, that income was $500; in 1964, $1,100 (1964 prices); and by 1968, it had almost reached $1,500 (current prices).

Over the years, Israel followed the usual course of rapidly developing nations, shifting from agriculture to industry. Certainly, the employment statistics show this. In 1960, 17.1 percent of the working population was engaged in agricultural production; 6 years later that figure had dropped to 12.6 percent. In Israel, as in many other countries, a further decline is discouraged by government subsidies. And in some cases, partly for defense, farms have been established or maintained in nonlucrative areas such as parts of the Negev and in the hills of Galilee. Nonetheless, it appears likely that the downtrend in agricultural employment will continue as productivity per farm increases.

Making possible the exodus of workers from agriculture has been the country's progress in increasing farm productivity. The value of agricultural output (at current prices) increased sixfold between 1948 and 1967 to $480 million. This was accomplished with much of the population alien to farming: most of the people had either emerged from backward conditions or had come from relatively affluent ones where they had had little or no farming experience.

Israel still deficient in grains

Although self-sufficiency in foodgrains has been a long-standing goal, the bulk of Israel's production gain has been in high-quality and/or low-calorie foods such as citrus and various other fruits, vegetables, milk, eggs, and poultry. In these products, Israel is today practically self-sufficient. According to Israeli sources the country now supplies 96.8 percent of its own fruit needs, 100 percent of its vegetables, 90 percent of its fish, 100 percent of its eggs, 92.8 percent of its potatoes, 97.2 percent of its dairy products, and 94.4 percent of its meat (mostly poultry). It is, however, still far from self-sufficiency in feedgrains, cereals, and fats and oils.

Among field crops, Israel grows wheat, barley, sorghum, corn, pulses, hay, green manure, and silage—all on unirrigated land and subject to occasional violent fluctuations due to changes in climate and land use.

Barley has suffered the most from these production vicissitudes and has now been almost completely pushed onto marginal lands. Output of this crop has varied from a high of 117,000 tons in 1964 to a low of 21,000 in 1966, easing back up to 45,000 in 1967.

On the other hand, wheat—the major grain in Israel—has made significant progress. Acreage has all but tripled since 1949. Likewise, significant gains have also been registered in yields. The improved yields, plus expanded area, made possible an extraordinary wheat crop in 1967 of 220,000 tons—a far cry from the average of 40,000 produced during the first 7 years of independence and the 65,000 produced in the next 5 years. The large 1967 crop gave Israel 58 percent of its total wheat requirements compared with 27 percent for the previous year.

Israeli agricultural officials have forecast self-sufficiency in wheat within the next 4-6 years. Such an achievement would, however, require a 50-percent increase in yields, since area allotted to the product has now reached its limit

(220,000 acres). An increase of this proportion seems at present unlikely; in fact, the 1968 crop is forecast to be down 23 percent from 1967 to 170,000 tons. It is, however, quite possible that in years of good rainfall something approaching self-sufficiency could be attained.

Export crops get attention

In addition to giving priority to foodgrain production, Israel has stressed certain crops that could be valuable foreign exchange earners. The emphasis here came after the major influx of immigrants in the early 1950's—a period when Israeli farmers had to produce for immediate consumption. The expansion was mostly industrial crops: Cotton, peanuts, and sugarbeets. First produced on a large scale in 1955, these crops today are highly important to the country, and as far as cotton is concerned, Israel is now a net exporter of the product.

With rapid expansion in export products, Israel has demonstrated the ability of its farmers, aided by extension work and research, to adopt new crops and technology in general. A case in point is the development of avocado production. This crop was first introduced a few years ago but had to be adapted to ecological conditions of the country. The Israeli farmer has now developed it and last year exported 1,930 tons—double that of 1966. And what began as a $200,000 export crop was worth $1.2 million last year. It is estimated that by 1970, 8,000 tons will be produced, and by the late 1970's, 20,000 tons.

While excelling in introducing and producing some new products like avocados, Israel has also found itself overproducing others.

In the case of milk and most milk products, Israel reached self-sufficiency in 1962 and has since then frequently surpassed the quota placed on some of these products. Last year, for instance, Israeli farmers reached the milk quota set for 1970-71 (cows in Israel have the highest yield in the world). Israel also had a surplus of 250 million eggs. Egg surpluses have plagued the poultry industry for years, and little can be done about increasing domestic usage since per capita consumption in Israel is already a substantial 408 eggs yearly, compared with U.S. consumption in 1966 of 313. Political pressures as well as agricultural policy have not permitted the needed 20-percent reduction in numbers of laying hens. And even if more of the hens were slaughtered, this, too, would create price and marketing problems, since poultry meat already makes up about 50 percent of the total per capita consumption of meat.

Also, Israel's production of citrus fruit has expanded appreciably over the past decade, as has production in other Mediterranean countries. In the absence of serious weather disturbances, it is conceivable that an oversupply situation may develop within the next few years, particularly for oranges. Naturally, Israel, being a prominent Mediterranean citrus exporter, could experience considerable marketing difficulties under such circumstances unless new markets are found and older markets expanded.

Water resources limited

Another problem plaguing Israel today is the lack of water for irrigation projects which in the past were major stimulants to increased agricultural production. Combining frugal use of this resource for irrigation with land reclamation programs, Israel made rapid strides in land improvement. From a primitive dryland type of farming, its agriculture grew to depend on water as total irrigated land rose from 75,000 acres in 1948-1949 to 410,000—a level that exceeds the total cultivated area of 1948-49 and accounts for about a fourth of the land now cultivated.

Even today, nearly 900,000 acres could still be effectively irrigated if there were enough water. But there isn't. Currently, Israel uses about 85 to 90 percent of its available water, and as its population, agriculture, and industry expand, increasing competition will be felt for the already strained supply. It has therefore been the policy of Israel's government to strive for maximum yields from the land with the minimum use of water and, simultaneously, to seek new water sources.

So water-creation has become the task of Israeli scientists. Cloud seeding is one of the programs presently being carried on, and the added rainwater claimed to have been precipitated has been impressive. The question of how much rain would have occurred without cloud seeding is, of course, impossible to answer. But Israelis, satisfied that this method is effective, are continuing the program.

Other methods have been less successful. For years the Israelis have made a major effort in water desalinization, frequently in conjunction with the United States, but to date it is still too expensive to be commercially viable. Trickle irrigation is another method that interested water specialists. The idea was to get the water directly to the root zones of plants, but after some experimentation it was abandoned because of the clogging of the small pipe outlets. Still, the Israelis keep trying new methods and techniques to reduce their water consumption and to discover or invent new sources of the Middle East's lifeblood.

Israel's farm trade

During the past 20 years, Israel has relied heavily on imports in order to feed, house, and employ its many new immigrants; provide raw materials for its industry; and obtain capital goods for its overall expansion. As a result, the country has characteristically suffered a sizable trade deficit and balance of payments problem. The deficit averaged $261 million from 1949 to 1959 and $337 million since then. Contributing to the increase was the $465-million deficit of 1964—a level that triggered government programs to hold or reduce imports and to expand exports. This policy has been largely successful, for in 1967 the deficit dropped to $218 million—a figure considered unusually low.

Israel's shortcomings in the grain field have been partly responsible for the trade problem. Wheat and feedgrain imports averaged 238,086 and 61,326 tons, respectively, during 1950-54 and 302,227 and 245,459 in 1955-60. Imports of wheat dropped to 130,000 in 1967—a 12-year low made possible by last year's excellent wheat crop. But this year, because of an expected lower production, they will probably be up.

No. 1 supplier of these and other products has been the United States, whose share of the market took a big jump after 1955 and the advent of the Public Law 480 program. By 1966, Israel's imports from the United States were totaling $220 million—38 percent of this in agricultural products.

Grains, the weak point in Israeli agriculture, logically make

up the largest share of the country's imports, especially of those from the United States. In 1966-67, the United States accounted for 95 percent of Israel's wheat imports, 86 percent of the rice, and virtually all of the sorghum and corn. Barley is the only grain imported in volume from other countries, mainly Canada. The United States has also held forth in the fats and oils market, accounting for around 60 percent of it since 1950.

Earlier, the United States had been a major supplier of cotton—75 percent of the market in 1950-54—but this was changed by increased cotton production within Israel. In 1967, Israel for the first time became a net exporter of cotton, and this year it will probably import only a few hundred tons of the extra long staple type not produced domestically.

On the export side, Israel over the years pared its dependence on farm products as foreign exchange earners from 64 percent in 1949 to 37 percent in 1967. Still, these products chalked up a respectable gain in value, and by 1967 were bringing in nearly $140 million. By far the most important single category in the group is citrus fruit, which last year brought $84 million—compared with $18 million in 1949—or 60 percent of the total agricultural export.

As with imports, the United States figures importantly in Israel's export trade, taking $77 million of its products—almost all industrial—in 1966.

Israel knows firsthand what it means to be new, small, and developing and therefore has made a significant effort to share its knowledge and experience with developing nations in Asia, Africa, and Latin America. In 1957, while still receiving substantial aid, Israel initiated its own foreign aid program. By 1966, it had deployed 640 persons to underdeveloped countries for assistance in a plethora of projects. It has also invited hundreds of foreign students to study in Israeli schools and universities. One major accomplishment of Israeli direct assistance was the establishment of the Black Star Shipping Line of Ghana. Also, in many countries of Africa medical facilities have been established under Israeli jurisdiction, with Israeli doctors assigned both to heal and to teach the local populations.

Thus we see Israel after 20 years—a country with its share of accomplishments and disappointments. The 750,000 people who were in Israel at the time of independence and the nearly 2 million more who migrated there over the years have turned their know-how and determination to creating a vigorous economy. Yet in the agricultural sector there remain the problems of foodgrain deficits, lack of water, and finding new markets—to mention a few—as ample evidence that much remains to be done if Israel is to reach economic self-sufficiency and viability in its foreign trade.

U.S. Grain Team Reports on Yugoslav Kombinats

A three-man team representing the U.S. Feed Grains Council recently visited Yugoslavia. While there, the team toured three of the country's kombinats—State-run farms that both grow and process the raw materials. Following is a report on the team's findings at two of these huge farms.

Visits made to two of Yugoslavia's largest kombinats gave the team an excellent overview of these extensive farm operations. These included Kombinat Osijek and Kombinat Belje—operations which together encompass nearly 200,000 acres.

Kombinat Osijek, since a recent merger with another farm, can produce about $80 million worth of farm products annually and boasts 5,500 permanent workers plus 1,200 part-time workers. Farmhands not needed because of increased efficiency are reportedly never discharged but rather given other work, even handicraft, to keep them busy.

The farm's area totals 106,000 acres, of which 79,000 are arable. Included are 37,000 acres of wheat, 30,000 of corn, and 12,000 of sugarbeets. The sugarbeet refinery here can process 6,000 tons of beets daily and handles beets purchased from other farms as well.

According to the director, the newly acquired land is more hilly and suitable for livestock. As a result, the farm now has 3,500 dairy cattle, 9,000 beef cattle, 50,000 hogs (3,500 are breeding stock), and 4,000 sheep. Hillside orchards feature sour cherries, apples, and blueberries.

Located in the Vojvodina area on the Hungarian border, Kombinat Belje has 89,000 acres, of which over 77,000 are arable. Field crops include 25,000 acres of wheat, 32,000 of corn, 11,000 of sugarbeets, and 9,000 of alfalfa and/or silage corn. There are also 741 acres in vineyards and 1,236 in fishponds. Livestock operations include 4,000 cows, 2,000 heifers, 10,000-12,000 baby beef, 60,000 hogs, and 2.5 million broilers.

The kombinat produces feed for these animals in its own feed-mixing plant, which has a capacity of 60,000 tons annually. However, soybean meal, fishmeal, minerals, vitamins, and antibiotics must be purchased.

The slaughterhouse handles 150,000 hogs, 35,000 beef animals, and 3 million chickens. The dairy plant processes 74,000 quarts of milk daily, while the sugarmill handles 300,000 tons of beets annually. The large volume of these operations comes about because the kombinat also processes crops from neighboring contracted farms.

The kombinat's swine farm boasts a total of 7,200 sows raised in three separate locations. The sows with a Yorkshire-Landrace background are crossed with Landrace boars. Average farrowing is 2.3 per year, and the average number of pigs weaned per sow is 19. Killing weights are 231 pounds.

A sizable broiler operation seen on the day of the visit included 40 separate buildings, each housing 8,000 to 15,000 birds. One building visited contained 400 14-day-old chicks while another held 15,000 42-day-old birds. This flock was to be slaughtered at 52 days with gains reported at 4 pounds.

Officials explained that while all broilers produced in Yugoslavia are consumed at home, chicken is not a popular menu choice among the countrymen. Much of the production is consumed by tourists, mainly in Belgrade, Zagreb, and the Adriatic Coast area. And a surplus of broilers last year has forced a cutback in production. This is reflected in Belje's broiler operations, which are off 30 percent from 1967.

So-called baby beef raised and slaughtered on the kombinat are bull calves from the dairy herd. They are mainly Holstein and Simenthal. Slaughter is for export to Italy, although owing to the virtual closure of that market in recent months, much of the beef will go into government hands. Slaughter occurs at 926 pounds, which is achieved by 16 months of age.

USDA specialist reports on

Farming Prospects in Eastern Europe

Jerome A. Levine, *East European specialist with the Foreign Regional Analysis Division, ERS, recently returned from a trip to Poland, Czechoslovakia, Hungary, and Yugoslavia, where he took a firsthand look at crop conditions and farming practices. Following are his observations.*

During my trip to Eastern Europe I gave paramount attention to two aspects of the area's agriculture: The effects of one of the worst droughts to hit Eastern Europe and results of the various farm programs now being implemented.

Contrasting production results

The drought, centered in the southern part of Eastern Europe, is the worst in 50 years and has caused heavy crop damage in many areas. The contrast in crop development between Poland in the north and Hungary and Yugoslavia in the south is remarkable.

In Poland, rainfall this year has been higher than average, and small-grain output will probably match the good crop of 1967. Wheat, rye, and oats—the principal Polish crops—are all in excellent condition. Poland is the world's largest producer of rapeseed and may have a 1968 harvest equal to last year's record. The rains have also favored sugarbeets.

In contrast to Poland's favorable picture, the prolonged spring drought, combined with previous low soil moisture reserves, has seriously affected fall- and spring-sown grain crops in Hungary and Yugoslavia. Estimates are that rainfall averaged only 50 percent of normal between October 1967 and April 1968. Many fields in both countries have been resown because of the drought, and the condition of crops observed was very poor.

Officials estimate that wheat production will be down 20 to 25 percent in Hungary to about the average for the last 5 years and that it will be off 15 percent in Yugoslavia. An 8-percent increase in area for Yugoslavia will partially compensate for an expected yield decrease of 20 percent. In both countries, the corn observed was of poor quality, and the continuation of dry weather could seriously affect this crop. Poor pasture conditions and small first cuttings of hay will probably result in lower milk output in these countries.

Czechoslovakia represented the transition country, separating the higher precipitation area to the north from the drought area to the south. Adequate rainfall fell over most of the country, although the Slovakian corner (southeast area) was affected by drought. Production of small grains and root crops will probably be little changed from 1967 levels. In the fields to the east of Prague, winter and spring wheat showed good growth. The rapeseed looked very good, as did the potatoes and vegetables. Czech officials have conceded a small first cutting of hay but feel that a good second cutting will compensate for this shortcoming.

The four countries visited presented an excellent cross-section of the diversified agricultural programs now being implemented in Eastern Europe. In two of these countries—Hungary and Czechoslovakia—farms are fully socialized, but in Poland and Yugoslavia about 80 to 85 percent of the agricultural land is privately owned.

One interesting aspect of Poland's small fragmented farms is the wide difference in farming techniques and peasant use of fertilizers. Fields adjacent to each other, for example, showed considerable disparities in crop development, and the use or absence of fertilizer could be detected by the growth and leaf color of similar plants under cultivation.

One of the most interesting observations was the extensive development of fruit and vegetable farming, particularly in Hungary. Very large orchards of apricots, pears, and other fruits were common. New vineyards were being developed, and there were large fields of tomatoes and cucumbers. The proximity of these fruit and vegetable farms to the cities makes fresh produce readily available to urban consumers. An experimental farm I visited in Yugoslavia is attempting to introduce more efficient fruit and vegetable farming methods. Traditionally, these products have been produced on peasant farms, and their small area has proved inefficient for orchard practices.

Use of machinery in the fields was small in all the countries visited, and I was somewhat surprised to see the great amount of field work that is still performed manually. This was particularly true in Yugoslavia. In Poland, about one-third of the privately farmed land is occupied by very small farms, and I was told that over 7 million acres are fragmented into such long, narrow strips that they cannot be farmed mechanically even if machinery were available.

Although there are great differences in the approach and methods of agricultural production, the immediate aim of the countries visited is the same—to raise grain and fodder production as quickly as possible. This increase is the basis for planned expansion of animal production, both in numbers and output of animal products.

One reason for Eastern Europe's emphasis on animal products is the changing consumption pattern within the countries. With income growth, overall consumption has expanded, and—as is usually the case—the high-protein animal products, fruits, and vegetables have become more important.

Czech officials, for instance, stated that poultry consumption has increased 50 percent in recent years and that their stress on feedgrains is in anticipation of more gains in meat and poultry consumption. Feedgrain production is, of course, greatly dependent on year-to-year changes in weather. Although additional inputs and new varieties have been introduced in Czechoslovakia, officials in the Ministry of Agriculture admitted that the improved feed situation in the last few years might be the result of excellent weather rather than the newly implemented reforms.

Trade prospects discussed

In discussing U.S. trade prospects with officials in these countries, it became evident that foreign trade policy is still guided more by political considerations than by economic need; however, Hungary is expecting a poor production of feedgrains this year, and reserves are already low. As a result, contracts have already been made for imports of feedgrains in 1968. The growing demand for livestock products in these countries also opens new possibilities for expanding the sale of feed concentrates.

Plans Mature for Creation of Andean Group

By ROBERT G. FULLMER
Program Economist
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Six countries in South America that feel they share some common problems and attitudes in inter-American relations plan to band together to form a customs and economic development union—the Andean Group. The six countries are Colombia, Venezuela, Chile, Peru, Ecuador, and Bolivia. All six feel they urgently need to increase their agricultural and industrial productions and that economic unification will speed up development in each country.

From the first hint of the grouping, given at the "Little Summit" in Bogotá in 1966 when the Presidents of Chile, Colombia, and Venezuela met, gradual progress has been made toward realization of the scheme. The first working session of representatives from Colombia, Chile, Ecuador, Peru, and Venezuela was held in Viña del Mar, Chile, in June of 1967. The country representatives, also called the Mixed Commission, met again during the following months in Quito, Caracas, Lima, and Bogotá to mark out terms for an economic agreement. Bolivia sent observers to the Caracas meeting and decided to join the movement. The Mixed Commission has called technical experts into the meetings to draft the integration statutes.

The initial phases of negotiation proceeded without major difficulties. An important step forward was the signing, in February 1968, of an agreement to form the Andean Development Corporation. This regional institution is designed to finance some of the larger industrial projects that would become feasible with integration. The Corporation has an authorized capital of US$100,000,000; the initial subscription is to be $25,000,000.

To negotiate the terms of the Subregional Economic Integration Agreement, which would create a common market over a 12-year period, is a more difficult process. As the spotlight is turned on specific policy measures, and on the necessary steps to dismantle national protective tariffs, many opposing voices are making themselves heard. Disagreements reflect primarily the different levels of industrial and general economic development in the six countries.

Colombia and Chile have already displaced many imports with locally made goods. Further industrial growth is chiefly limited by the size of the national markets. For these two countries the creation of a regional market, with a population of nearly 60 million, looks very promising.

Venezuela and Peru, on the other hand, started their industrialization drives at a later time. Having less production capacity, they do not see advantage to themselves in unrestricted regional competition and would prefer integration formulas applied primarily to new projects.

The two remaining countries, Ecuador and Bolivia, have little industry. Their competitive position in relation to their neighbors in selling manufactured products is rather poor. All members of the Andean Group realize that these two countries would require preferential treatment under any integration plan.

All six countries are in favor of economic integration, but differences of opinion exist about the way it should be implemented. The basic elements of the integration program, however they are formulated, are:

- Gradual elimination of tariff barriers among members.
- Establishment of a common external tariff high enough to induce increased industrialization.
- Coordination of economic policies and harmonization of development plans.
- Special joint-development programs for projects that can prosper only on a large scale.

Colombia and Chile are in favor of major emphasis on the first two points. They feel that the free flow of goods and capital within the six countries is essential if the Andean common market is to become a reality. Although they realize that many difficult adjustments would be called for and that many individual firms would face formidable competitive pressures, they insist on automatic internal tariff reduction over a specified period. Colombia and Chile see the common external tariff as an absolute necessity if low-tariff countries are not to become gateways for goods from the outside world into the region.

Some of the other countries, especially Venezuela, assign major importance to the third and fourth points in the program. Their arguments have three main ideas.

First, the elimination of tariff barriers among countries of the Andean Group, without prior coordination of their national development strategies, would further concentrate manufacturing activity in the relatively more advanced countries. In addition, the largest manufacturing firms would tend to profit disproportionately from the new opportunities.

Second, a hasty elimination of tariff barriers would make many existing plants and much equipment obsolete over a short period. Integration should bring benefits not only from the rationalization of existing industry, but also from the establishment of new facilities that would become feasible with a larger market. The initial emphasis should therefore be on the integration of key industrial sectors in the region to make these highly efficient and competitive internationally.

Third, the hasty initiation of a common external tariff, which would be higher than current tariffs in some of the countries, would encourage the establishment of overprotected and inefficient industries. It would also raise the cost of living in countries that originally had low external tariffs.

By the time the June 1968 experts' meeting came to a close, some of the differences had already been resolved. The draft agreement, however, still shows more than one version in some of the paragraphs. But the differences are not insurmountable. The Mixed Commission meeting in July and August is working toward further resolution of differences.

All six countries realize that the formation of a common market would be accompanied by severe growing pains and adjustment problems. As the price for agreement, some of the critical moves toward integration may not be clearly defined in the document. Delicate issues would then have to be resolved at various stages in the integration process.

However, all participating countries recognize the extensive potential benefits of integration. Although there still is considerable hesitancy, especially among spokesmen for private business, the Andean Group negotiators seem to be rather optimistic about the achievement of their goal.

Output and trade

Another Large World Wheat Crop Expected

Conditions as of mid-July indicate that the 1968 world wheat harvest will approximate the high levels of the past 2 years for another crop of about 10 billion bushels, well above the average of the early 1960's.

In the Northern Hemisphere (North America and Europe excluding the Soviet Union) prospects are for a crop about equal to the 1967 harvest of 4.8 billion bushels. Increased production in the United States and Canada is expected to offset smaller outturns in the East European countries. West European production is expected to approximate the 1967 level.

Planting intentions in Canada were down 2 percent as compared with 1967. At the beginning of the planting season soil-moisture reserves were below normal in wide areas, and surface moisture was deficient. Subsequent rainfall alleviated the immediate problem in most areas, but at least normal rainfall will be needed for the remainder of the season in order to achieve average yields.

Western Europe's harvested acreage is expected to be larger than the 43.5 million of 1967. However, weather conditions, though good, have not been so exceptional as last year's. Reduced yields are therefore expected to more than balance the increased area, and production may be slightly below the 1967 harvest, primarily because of drought damage in Italy and Greece. The Spanish crop may slightly exceed last year's high level.

Drought hits East Europe's crop

Prospects in Eastern Europe are for outturns sharply below last year's records, chiefly because of severe drought in the lower Danube Basin countries of Hungary, Romania, Yugoslavia, and Bulgaria (see article on page 6). In East Germany, Czechoslovakia, and Poland crops are expected to be only slightly below 1967 levels.

The outlook in the Soviet Union is for a winter wheat crop lower than that of 1967. Spring wheat acreage is reported to be above the 1967 level, but the limited weather information to date indicates that growing conditions have been less favorable than they were last year. Therefore, it appears that total production from the increased area sown to spring wheat may not be sufficient to balance the expected decrease in the winter wheat crop.

North African production is expected to exceed last year's, primarily because of a sharp increase in the Moroccan crop. Much smaller increases are currently estimated for Algeria and Tunisia.

The outlook for South Asia is especially favorable as both India and Pakistan have harvested record crops. Latest reports are for a harvest of 588 million bushels in India and 224 million in Pakistan. Comparable 1967 figures were 424 and 161 million bushels, respectively. Excellent weather was apparently a key factor, together with improved seeds, heavier application of fertilizers, and better farming practices.

In the Middle East, Turkey and Iran are again expecting bumper harvests. Production in several other countries in the area—including Israel, Jordan, Lebanon, and Syria—is expected to show decreases.

Information on Mainland China is quite limited. However, it is believed that this year's grain output will be hurt by the disruptions of the cultural revolution and by the unfavorable weather that has hit various producing areas.

Record for five major exporters

Looking only at the five largest exporters—Australia, Argentina, Canada, France, and the United States—crop prospects point to an output well above the record 3,250 million bushels produced in 1966.

Prospects were dim in Australia until early May when heavy rains in all principal wheat-growing regions broke a prolonged drought and helped greatly to restore soil-moisture reserves. Producers reportedly responded with a planted acreage that may well set a new record, and production could show a gain of nearly 50 percent over the 1967 level. Of course, the outcome will depend largely on weather from now until the harvest, which begins in late November.

Argentine weather and crop conditions nearly parallel the Australian, except that the rains did not come until the first half of June, and acreage is not expected to increase. Here, too, drought at the start of the planting season and reduced ground-moisture reserves dictate a greater-than-normal need for timely rainfall during the growing period.

Much more is known about prospects for the three major Northern Hemisphere producers. Assuming average weather conditions until harvesttime, Canadian production should exceed last year's 593 million bushels by about 10 percent. The French crop is expected to about equal the 1967 level of 530 million bushels, and U.S. prospects are for a 4-percent increase to 1,588 million bushels.

Review of 1967-68 trade

Current estimates of world wheat and flour trade in 1968-69 indicate that it will approximate the 1967-68 level or possibly approach that of 1966-67. In 1967-68, trade totaled 1,950 million bushels, about 5 percent below that of the previous year and 15 percent under the 1965-66 level when record buying by Communist countries pushed it to an alltime high. Responsible for the decline were reduced purchases by the Communist countries, as Free World trade held at about the 1.5-billion-bushel level.

Purchases of wheat by the Communist countries in 1967-68 were at their lowest since 1962-63 because of a continued high level of domestic production. Although data are still rather incomplete, it appears that imports were down 45 percent from the 1965-66 record of 786 million bushels and nearly 20 percent from 1966-67 purchases. Of the wheat that was imported by some of these countries, the volume coming from the Soviet Union is believed to have increased for the fourth consecutive year and probably reached pre-1963-64 levels. This, combined with the general reduction in import needs, caused shipments from Free World exporters to Communist countries to decline for the second straight year. Most affected were exports from Canada and France.

Total Free World imports appeared to remain stable in 1967-68, but some shifts in individual buying were evident.

Reflecting alltime high production, imports throughout Western Europe declined. Japanese imports of wheat and flour fell, largely because of liquidation of the large stocks that were accumulated the previous year. The North African countries of Algeria, Tunisia, and Morocco also decreased imports as production reached more normal levels following 2 years of drought. Indian imports were larger than in the preceding year but did not reach the 280 million bushels of 2 years ago.

Shifts among export suppliers

On the export side, a marked shift occurred among suppliers. Among the five major exporters, U.S. and French shipments increased, those from Canada and Argentina declined, and Australia's changed little. Shipments from Spain, Sweden, the USSR, Bulgaria, and Romania also rose.

U.S. exports are tentatively placed at 762 million bushels, somewhat more than the 742 million of the previous year. Shipments from France are estimated at about 170 million bushels, 55 million above those of 1966-67 because of larger exports to member EEC countries, Mainland China, Brazil, and the United Arab Republic. Canadian wheat and flour shipments totaled about 335 million bushels, 210 million below the 1966-67 level because of smaller sales to Communist countries, Japan, and Western Europe. Argentina is expected to show a total of about 50 million bushels, sharply below the 115 million of 1966-67. This reduction was caused by a ban on exports during the July-November period, owing to short domestic supplies, followed by slow export movements during January-June despite several large delivery contracts. Australian exports are estimated at about 250 million bushels, with Mainland China continuing to account for about one-third and reduced shipments to Pakistan offset by increases to Latin America, Western Europe, and Japan.

Supplies at high levels

Supplies available for export and/or carryover in the five major exporters on June 30, 1968, were estimated at around 1,565 million bushels, 235 million more than on the same date last year and over 300 million above 2 years ago.

In Canada, the June 30 estimate was slightly over 725 million bushels, an advance of nearly 115 million from last year's level and nearly 240 million over that of 2 years ago. At approximately 125 million bushels, the estimate of Australian supplies was down about 85 million from year-ago levels but still large enough to enable Australia to be a major competitor until the new crop is available around November. Argentine supplies were estimated at 80 million bushels, nearly 70 million over last year's; however, much of this is already committed for export or will need to be held in reserve pending the outcome of the next harvest. The French carryover was approximately 83 million bushels. This, combined with this year's estimated harvest, could pull France's exportable surplus up from last year's level.

With the increase in June 30 exportable supplies and the outlook for better-than-average harvests in all five major exporters, export competition in 1968-69 is likely to be keen.

1968-69 trade outlook

Free World trade in 1968-69 will probably stay close to the levels of the past several years although it could dip slightly as import needs in India and Pakistan decrease and are not offset by larger needs in other areas. The decline in Indian imports will probably not be very sharp because of the need to accumulate stocks. In North Africa expectations of improved production could cut import requirements. On the other hand, larger imports are forecast for Italy, where drought has cut domestic output, and some major importing areas in Western Europe could buy more if their production falls short of last year's high levels. Continued strong domestic demand is expected to boost Japanese imports.

Signs now indicate that countries in Eastern Europe may increase their imports because of the drought that has affected production in the southern parts of this region. If the drought has spread into the eastern part of the Soviet Union, these imports may have to come increasingly from Western countries. Bulgaria, which has been a net exporter of wheat for the past 2 years, has already bought some from France; and Poland recently purchased wheat from Canada for the first time in almost 2 years. *—Grain and Feed Division, FAS*

U.S.-Australian Canned Peach Export Agreement

Australia and the United States reached agreement July 29 on terms on which they will compete in the world market for canned peaches this season; this agreement is the result of some years' consultations between governments and industries of the two countries.

The text of the official announcement is as follows:

"The Governments of Australia and the United States announced their intentions with regard to export payments for canned peaches.

"The Government of Australia has informed the United States that export payments under the Market Development Allowance (MDA) system will be suspended in respect of exports to major markets from the 1969 canned peach pack and the carryover as of December 31, 1968. The suspension would cover Australian exports of canned peaches to Canada, Ireland, Japan, and the United Kingdom. It would also cover Australian exports to all of continental Europe including Scandinavia until May 15, 1969, at least. If, on or after May 1, 1969, Australian exports of canned peaches have not in the judgment of the Australian authorities, attained a satisfactory level, the Australian Government will inform the United States to this effect and allow fifteen days for consultations with the United States Government before resuming MDA export payments.

"The United States Government has informed the Government of Australia that it will not grant export payments on U.S. exports of canned peaches during the remainder of 1968 and the year 1969, provided the suspension of Australia's MDA export payments remains in effect. If MDA export payments on canned peaches are resumed, the United States would follow with payments on its own canned peach exports. The United States Government has also informed the Government of Australia that it is prepared to enter into early talks with the governments of the other principal canned peach exporting countries on ways of maximizing returns to peach producers and related matters."

Good Year Ahead for Australia's Agriculture

Australia's Minister of Primary Industry J. D. Anthony predicts a good coming season for Australian farmers. In a midyear talk before Australia's Agricultural Council, Mr. Anthony said that production should be up for every major commodity.

Wheat acreage is estimated at 25 million acres, according to the Minister, and given favorable conditions during the rest of the season, a minimum crop of about 470 million bushels may be expected. Favorable growing conditions have been experienced in sugar-growing districts, and the 1968 crushing season could set a new record. Pastoral conditions are generally satisfactory throughout Australia, with further improvements in wool and meat production likely. And dairy production should recover from the setback of last year's drought.

Wheat carryover at the end of 1968, according to the Minister, will probably be about 20 million bushels compared to 80 million at the end of 1967. This means that over the next 4 months the Wheat Board is expected to sell 60 million of the present 80 million unsold stocks. Traditional European markets are unlikely to take this volume, and Minister Anthony apparently anticipates large sales to Mainland China or to Eastern Europe.

The Minister also discussed proposals for Australia's new Wheat Stabilization Scheme, pointing out that some adjustments will be needed to change production and marketing conditions. Although no details were given, he was no doubt referring to some weaknesses and anomalies that occur in the former Scheme's cost-of-production formula, which does not give sufficient weight to average per-acre yields and costs of interest on land values.

Cotton production of more than 140,000 bales will for the first time exceed local requirements, according to Mr. Anthony. The current Raw Cotton Bounty Act expires with the sale of the 1968 crop in February 1969, and the Government is to consider continuation of the scheme in coming months.

The Minister briefly reviewed the Government's action to compensate rural industries for the effect of the sterling devaluation and mentioned payments to date for direct losses incurred by statutory marketing boards. Mr. Anthony added that the Devaluation Reporting Committee has been examining compensation relating to longer term effects of the devaluation for a range of farm products not marketed by boards. The Committee is on the point of making recommendations to the Government regarding compensation in these cases.

—Based on a report by FRED M. LEGE III
U.S. Agricultural Attaché, Canberra

Argentina's Meat Exports Down in First Half of 1968

Exports of meat from Argentina in the first half of 1968 were only 50 percent of exports during the first half of 1967. Sales of all meats, except those canned, were 164,517 metric tons for January through June 1968; exports from January through June 1967 were 310,193 tons. Beef, the most important single category, declined from 241,867 tons in the first half of 1967 to 125,055 tons for the same period in 1968. An exception to the general trend was sales of cooked and frozen beef. Through June of this year, sales were 16,261 metric tons; through June 1967, sales were 6,357 tons. Cooked and frozen beef is sold almost entirely to the United States, where it has found a good outlet in processed meats.

A major cause of lessened sales was the ban on imports of Argentine meat of any sort to the United Kingdom from late 1967 until April 15, 1968. At present, U.K. restrictions on frozen beef and pork have been lifted; but prohibitions against imports of lamb, mutton, or offals remain.

However, even since the U.K. ban on beef and pork was lifted, meat quantities shipped to the United Kingdom have been relatively small and have been mostly in the form of cuts. Argentine shippers are resisting a return to the consignment method of exporting, which was practiced until the U.K. foot-and-mouth outbreak.

Another cause of lessened sales is the restrictions the European Economic Community has placed on meat imports.

Informed sources among meat exporters do not expect any improvement in sales quantities of Argentine meat during the second half of 1968. Export problems were recently intensified by Peru's ban on beef imports. Drought has necessitated increased cattle slaughter in Peru.

—Based on a dispatch by JOSEPH C. DODSON
U.S. Agricultural Attaché, Buenos Aires

ARGENTINA'S MEAT EXPORTS, JANUARY-JUNE 1967 AND 1968

Type	1967	1968
	Metric tons	*Metric tons*
Beef:		
Chilled	81,628	18,835
Frozen	93,710	55,305
Frozen, manufacturing type	60,172	34,654
Cooked and frozen	6,357	16,261
Mutton and lamb:		
Frozen	34,899	16,946
Pork:		
Frozen	5,048	439
Offals:		
Cattle, frozen	24,635	19,652
Mutton and lamb, frozen	1,875	1,187
Pork, frozen	1,869	1,123
Total	310,193	164,402

Austria Collects Oilmeal Fee

All imports of oilmeal and oilcake now must be licensed to cross the Austrian border. The license fee is about US$19 per metric ton and is equivalent to an 18 percent import duty. Revenues derived from the levy, effective July 15, 1968, will be used to promote Austrian milk sales and to make Austrian dried skim milk more competitive with imported protein additives for mixed feeds.

Austria's imports of meal and cake in 1967 were over 100,000 metric tons, and over 55,000 tons were soybean products, most of which were processed in Europe from U.S. beans. The license may mean lower sales of U.S. soybeans to European processors.

Malaysia Increases Its Pineapple Profits

By ROBERT E. ADCOCK
U.S. Agricultural Attaché, Kuala Lumpur

Malaysia's agricultural foreign exchange earnings, mainly from rubber, timber, and palm oil, in that order, are being supplemented by increased sales of other tropical products, one of which is pineapple. Although its share of exchange earnings is still small (1.4 percent in 1966), the value of sales is increasing rapidly. Malaysia is already the world's second-ranking canned pineapple exporter (Taiwan is the leader), and its canned pineapple is competing with U.S. output in both U.S. domestic and foreign markets.

Pineapple exports and earnings have risen rapidly in recent years. In 1962 exports of canned pineapple were 35,555 long tons valued at US$9.2 million; in 1966 exports were 58,032 tons valued at US$14.4 million. In addition, between 45,000 and 55,000 long tons of fresh pineapple are bought each year by Singapore to be processed into canned fruit.

Growth of the industry

Pineapples are not a new crop in Malaysia, nor have they always been a crop profitable to grow. Canned pineapple has been exported since the early 1900's. After approaching bankruptcy in the early 1930's, the industry revived to achieve enlarged exports by 1939. World War II, however, nearly destroyed the industry. After the war, pineapple growing and canning began again and by the late 1950's had developed considerably. But increased Malaysian production did not meet with increased world consumption of canned pineapple. Large unsold stocks accumulated and prices to pineapple growers, especially smallholders, became very low. Also, the local canneries were caught in a net of destructive competition with each other, speculation, and sales for disadvantageous prices. Further, labor difficulties stopped production on pineapple plantations and canneries for several prolonged periods.

As a result of these troubles, the governments of Singapore and of what was then the Federation of Malaya jointly agreed upon the Pineapple Industry Ordinance in 1957, which established what is now known as the Malaysian Pineapple Industry Board (MPIB), which in its first years regulated both external and internal marketing. Today, the Board sets the price at which canneries buy raw pineapple, maintains inspectors of fruit at canneries, distributes high-yielding planting materials to smallholders, provides advice to growers on pineapple husbandry, subsidizes half of fertilizer costs for smallholders, and conducts research on varietal improvement for better yields, on disease eradication, and on improvement of fruit processing and canning technology. The Board maintains its activities by taking all exported canned pineapple.

Smallholders jump production

Since the Board was established, pineapple output delivered to Malaysian canneries by smallholders has increased from 49,700 long tons in 1958 to about 131,400 tons in 1966. Smallgrowers' pineapple holdings have jumped from 14,100 acres in 1958 to 22,600 acres in 1966. Plantation holdings, however, have decreased and were 13,300 acres by 1966. But drop in acreage has been offset by higher yields per acre, which have more than maintained plantation output.

One reason for the expansion in smallholders' acreage is that now farmers have an almost assured market for fruit because of increased cannery facilities and set cannery prices for pineapple.

A farmer may sell pineapples directly to a cannery at the set price (a little less than 1 cent per pound in 1966) if he can transport his fruit to the installation. Few smallgrowers have transportation. Some farmers belong to cooperatives that own trucks, which are used to take fruit from local collecting points to canneries. Most smallholders, however, sell their pineapples to private dealers, who own most of the truck transportation, for some price less than the set cannery price. Dealers sell fruits to canneries at the set price.

The number of canneries has been increased, and some attempt has been made to smooth out harvest peaks in July and December and to equitably distribute fruits to canneries during busy seasons. In 1965 the Pineapple Cannery of Malaya, a cooperative, was established to process smallgrowers' fruit and to augment the capacities of the three private canneries in Malaysia.

In 1966 the Pineapple Cannery of Malaya processed about 57 percent of smallgrowers' fruit in the main pineapple-growing area.

Some problems of production and processing still need solution. By government policy, pineapples are grown only on peaty soils where little else can be grown. Extensive use of fertilizers and soil additives is required to achieve adequate yields; but fertilizers are expensive for smallholders and make their production costs high. The varieties of pineapples grown—mostly Singapore Spanish or Selangor Green—reportedly have more waste when canned than varieties grown in Hawaii or Taiwan. High waste decreases the profits canneries make by processing fruit.

Overseas sales and promotion

The export marketing of pineapple products from both Malaysia and Singapore is promoted, regulated, and controlled by the Pineapple Industry Marketing Corporation (PIMC), established in 1966. The four registered canneries in Malaysia and the two in Singapore are members. The Corporation is empowered to act as sales agent for canneries and others, though in practice business is done through company agents approved by the PIMC. The Corporation sets prices for different grades of pineapples exported to different overseas markets. It may borrow or lend money to promote exports. The activities of the Corporation are financed by a tax on exported canned pineapple.

Several opportunities for greater export efficiency are recognized by Malaysia. High freight rates can perhaps be shaved by introducing palletization of canned goods. Export of all canned pineapple under a common label with recognized and strictly adhered to quality grades would make promotion and advertising easier and more effective. Another export problem, more difficult of solution, is high tariffs in certain markets.

Traditionally, the major markets for Malaysia's pineapples have been the United States, Canada, West Germany, and especially the United Kingdom.

Mexican, Japanese Teams Visit U.S. Cattle Industry

July saw livestock teams from both Mexico and Japan touring U.S. dairy and beef operations, under the sponsorship of FAS and cooperating groups. Hosts for the Mexicans were the Holstein-Friesian Association of America and the Dairy Society International; hosts for the Japanese were the American Angus Association, the American Hereford Association, and HFAA. A third team, sent on behalf of Japan's meat industry, came as the month ended.

The Mexican team, representing the large dairy cooperative *Pasteurizadora La Laguna* at Torreón, also represents a direct result of U.S. participation in Mexico's National Livestock Show this April. When Secretary of Agriculture Orville L. Freeman went to Mexico during that show to present an LBJ ranch Hereford bull to Mexico's President Diaz Ordaz for the Mexican people, he visited the cooperative and invited it to send members to the United States in return.

Of the Mexican team, two are large dairy farmers—Ignacio Berlanga García, head of the cooperative, and Braulio Manual Fernández Aguirre, son of the Governor of the State of Coahuila. The third, Dr. Luis Marquez Castro, is in charge of the artificial insemination program for the area.

The Mexican dairymen arrived July 8 for a 2-week stay, during which they toured U.S. dairy plants, called at the office of HFAA in Brattleboro, Vt., and talked with prominent Holstein breeders in Maryland, Pennsylvania, New York, Vermont, Wisconsin, and Illinois. They also talked with manufacturers of dairy equipment, for which they are in the market as well as for dairy cattle. After finishing their visit, they expressed definite interest and are now exploring the possibilities of purchasing cattle and equipment from the United States.

Mexico as a whole is the top U.S. market for dairy and beef breeding cattle. Its purchases of U.S. dairy cattle alone exceeded 11,000 head in 1967.

The Japanese livestock team, arriving a day before the Mexicans, stayed nearly through the month. Their immediate purpose—a double one—was to study U.S. livestock practices (with the aim of selecting those most adaptable to Japanese conditions) and to set up arrangements for purchasing U.S. beef and dairy breeding stock. At their trip's end, they indicated progress on both counts.

Their long-range purpose, they explained, was to step up Japanese cattle numbers, especially of beef breeds, so that average beef consumption in Japan —at present only a twentieth of that in America—can rise in proportion to the average Japanese person's rapidly increasing taste for beef and to his ability to pay for it. The team pointed out that Japanese demand for beef far outruns the domestic supply.

Team members—all officials at the prefectural or national level—were Masaya Kitamura, Vice Governor, Aomori Prefecture; Kiyoshi Wada, Assistant Chief, Dairy and Grassland Section, Hokkaido Prefecture; Fukao Fujisima, Chief, Livestock Section, Iwate Prefecture; and Mutsuo Miyazaki, Director of the Ministry of Agriculture and Forestry's National Livestock Breeding Station at Ou, in Aomori.

The schedule for the four Japanese officials included meetings with Holstein and Jersey breeders near Hanford, Calif.; beef feedlot and packing company operations around Roswell, N. Mex.; inspection of beef breeding stock near Denver, Colo.; talks with officers of the Angus and Hereford breed associations in Kansas City, Mo.; artificial insemination centers and dairy operations around Chicago and in Wisconsin; and dairy, beef, swine-raising, and veterinary practices at Purdue University, in Lafayette, Ind.

As the livestock team was completing its trip, a second Japanese team was beginning a tour of the U.S. meat industry under FAS sponsorship, to discuss the feasibility of importing high-quality American beef to supplement local supplies. Most Japanese beef imports at present are of lower grade manufacturing types from Australia and New Zealand. The meat team's tour is scheduled to end August 17. Both the Japanese team visits grew out of interest developed by the U.S. Food and Agricultural Exhibit in Tokyo this spring.

Scrubbing to start off Japan's "Wash With Soap" Week are the Minister of Health and Welfare and the Miss Soaps.

Japan's Government Proclaims Soap Week

Enthusiastic participation by Japan's Ministries of Health and Welfare and of Education marked the third year of soap promotion in Japan by the National Renderers Association and the All Japan Soap Association, cooperating with FAS.

For the first time, the Ministry of Health and Welfare approved the designation of a "Wash Your Hands With Soap" Week (June 11-17); and Minister Sunao Sonoda joined the pretty little Miss Soaps (Mami Hori, Japan, and Martha Rump, U.S.) in getting the campaign off to a fast, clean start with a three-part handwashing session.

The soap campaign traveled far and wide. At the elementary school of Hashikami, a remote village in northern Japan, gifts of soap, towels, and bathing brushes were presented for the school bath recently built there under an Education Ministry program. In Tokyo, nine young cub reporters from local grade schools covered their own visit to a soap factory; later they turned into public sanitation inspectors, touring hotels, restaurants, and food shops with the regular force and reporting back to their school papers.

Complete sets of pamphlets, stickers, posters, and other promotional material were sent out by the promotion association to 30,500 elementary schools and kindergartens, hygiene stations, and sanitation centers during June and July. To 900 of these institutions, the association sent 15 dozen bars of soap each. All together, 162,000 bars of soap, donated by leading soap manufacturers, were distributed this year.

CROPS AND MARKETS SHORTS

U.S. Trade in Livestock and Meat Products

U.S. imports of livestock and meat products continued to rise relative to year-earlier levels during the period January-May 1968. At the same time, large world supplies of traditional U.S. livestock export commodities have held exports of most items below year-earlier levels during this same period.

Total red meat imports were up 15 percent in 1968 relative to the same 5-month period in 1967. A large share of this gain in imports was accounted for by increases in boneless beef, which is used primarily for manufacturing purposes. Continued demand for processed meats is reflected in the strong prices for lower grade beef in the United States. Imports of live cattle also rose as feeders sought replacement cattle. Although domestic supplies have been large and imports are up, domestic demand for beef continues to be strong, and July prices for cattle are above year-earlier levels.

Record world meat production in 1967, especially in major U.S. export markets, accounted for the decline in U.S. exports of livestock and meat products during the first 5 months of 1968. Although total red meat exports were below year-earlier levels, exports of lamb and mutton and some meat specialties showed slight improvement. Exports of inedible tallow, a major foreign exchange earner, were up almost 22 million pounds in 1968. However, all other export commodi-

U.S. EXPORTS OF SELECTED LIVESTOCK PRODUCTS
[Product weight basis]

Commodity	May		Jan.-May	
	1967	1968	1967	1968
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Animal fats:				
Lard	12,973	8,493	72,420	71,773
Tallow and greases:				
Inedible	211,413	168,217	909,297	931,221
Edible	2,970	528	10,723	3,477
Meats:				
Beef and veal	2,833	2,481	13,859	11,684
Pork	3,632	2,159	24,833	13,324
Lamb and mutton	219	130	652	782
Sausages:				
Canned	65	120	509	607
Except canned	227	282	837	1,154
Meat specialties:				
Canned	186	108	1,054	571
Frozen	273	130	905	809
Other canned	660	658	3,401	3,686
Total red meats [1]	8,088	6,063	46,049	32,611
Variety meats	22,397	16,066	97,754	86,486
Sausage casings:				
Hog	469	480	2,693	2,702
Other natural	163	215	1,274	1,209
Mohair	879	1,038	4,394	4,442
Hides and skins:				
Cattle parts	4,179	4,183	18,602	14,747
	1,000 pieces	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*
Cattle	1,097	1,023	5,665	4,949
Calf	216	214	978	983
Kip	48	24	229	140
Sheep and lamb	380	332	1,465	1,374
Horse	11	7	32	38
Goat and kid	9	12	92	98
	Number	*Number*	*Number*	*Number*
Live cattle	3,413	2,922	18,364	15,895

[1] May not add due to rounding.
Bureau of the Census.

U.S. IMPORTS OF SELECTED LIVESTOCK PRODUCTS
[Product weight basis]

Commodity	May		Jan.-May	
	1967	1968	1967	1968
Red meats:				
Beef and veal:				
Fresh and frozen	*1,000*	*1,000*	*1,000*	*1,000*
Bone-in beef:	*pounds*	*pounds*	*pounds*	*pounds*
Frozen	156	280	1,079	2,791
Fresh and chilled	90	1,616	1,192	6,747
Boneless beef	45,021	48,273	276,921	303,808
Cuts (prepared)	83	194	503	536
Veal	2,157	2,110	7,173	9,492
Canned beef:				
Corned	5,678	9,977	26,546	36,135
Other, incl. sausage	973	1,936	5,036	7,211
Prepared and preserved	2,744	6,880	15,311	27,444
Total beef and veal [1]	56,902	71,268	333,761	394,165
Pork:				
Fresh and frozen	4,148	5,802	19,266	22,994
Canned:				
Hams and shoulders	17,396	19,083	88,365	95,782
Other	3,201	3,073	19,191	17,515
Cured:				
Hams and shoulders	108	189	643	584
Others	272	467	1,716	1,828
Sausage	128	170	1,066	968
Total pork [1]	25,253	28,783	130,247	139,672
Mutton and goat	4,059	3,795	21,683	29,174
Lamb	810	1,155	4,179	5,519
Other sausage	491	708	2,758	3,012
Other meats, n.s.p.f.	1,371	762	7,043	4,976
Total red meats [1]	88,886	106,471	499,671	576,521
Variety meats	217	353	1,355	1,527
Wool (clean basis):				
Dutiable	8,287	12,960	49,238	65,875
Duty-free	5,566	8,224	25,784	47,310
Total wool [1]	13,853	21,186	75,022	113,186
	1,000	*1,000*	*1,000*	*1,000*
Hides and skins:	*pieces*	*pieces*	*pieces*	*pieces*
Cattle	3	33	58	171
Calf	58	29	216	180
Kip	48	24	140	102
Buffalo	42	53	170	212
Sheep and lamb	1,529	3,658	9,900	16,700
Goat and kid	721	418	3,412	2,757
Horse	23	20	91	140
Pig	43	48	540	286
	Number	*Number*	*Number*	*Number*
Live cattle [2]	64,876	110,591	305,308	475,590

[1] May not add due to rounding. [2] Includes cattle for breeding.
Bureau of the Census.

ties declined, and two of the major categories—variety meats and cattle hides—decreased 12 and 13 percent, respectively.

Export prospects for the remainder of 1968 appear more favorable. Livestock production appears to have reached its cyclical peak in many major U.S. export markets. Livestock production is already decreasing in Japan, and this is expected to boost the export demand for pork and tallow and greases.

Netherlands, U.K. Cocoa Bean Grind Falls

The Netherlands cocoa bean grind during the first 6 months of 1968 totaled 54,900 metric tons, down 2.8 percent from the 56,490 tons ground during the corresponding months the year before. U.K. grindings for the first half of 1968 were also smaller, amounting to 48,600 long tons, compared with 51,200 during the similar 1967 period.

U.S. Cocoa Bean Grind Rises Slightly

U.S. grindings of cocoa beans during the second quarter of 1968 totaled 160.0 million pounds, up 3.2 percent over the corresponding 1967 period. Total grind during the first half of the year was 327.3 million pounds, compared with 318.8 million during the similar 1967 period. Annual 1967 grind amounted to 648.7 million pounds.

Ghana Increases Cocoa Producers Price

Effective immediately, the Ghana Government has raised cocoa producer prices by nearly 8 percent to 7.0 New Cedis per 60 lb. headload (U.S. 11.43 cents/lb.) from 6.5 New Cedis (10.62 cents/lb.). The government has also pledged a minimum price of 6.0 New Cedis (9.8 cents/lb.) through the 1970-71 season regardless of the fluctuations of world cocoa prices.

India Makes First Safflowerseed Estimate

According to the first official Indian estimate, 1.15 million acres were planted to safflower in India during 1966-67 compared with 1.14 million in 1965-66. Safflowerseed production in 1967 increased to 70,900 metric tons, nearly 4 percent higher than the 68,400 tons produced in the previous year.

The increase in acreage and production occurred in Maharashtra and Mysore and was attributed to favorable weather conditions. About 92 percent of India's safflowerseed is produced in these two States and the remainder in Andhra Pradesh, Madhya Pradesh, and Bihar. The crop generally is sown in October-November and harvested in February-March. No indication of the 1967-68 area and production was given.

Denmark's Rapeseed and Mustardseed Acreage

The rapeseed area in Denmark for the 1968 crop is estimated at 35,500 acres—down 16,200 acres or 31 percent from the 1967 area. Farmers apparently decided that production of other crops would be more profitable this season even though support to rapeseed growers was increased slightly in the agricultural support act of July 1, 1967. The subsidy, now paid by the government instead of the margarine industry, was granted as an additional payment to the price of rapeseed. World rapeseed prices, however, declined steadily during the 1967-68 marketing year.

The mustardseed area is expected to total 28,800 acres, up from 28,500 in 1967 and 22,400 in 1966. Practically all of Denmark's mustardseed is exported, the principal markets being the United States and West Germany.

DENMARK'S RAPESEED, MUSTARDSEED ACREAGE

Item	1966	1967	1968
	1,000 acres	*1,000 acres*	*1,000 acres*
Winter rapeseed	25.0	24.1	17.2
Spring rapeseed	26.2	27.6	18.3
Mustardseed	22.4	28.5	28.8
Total	73.6	80.2	64.3

Dansk Froavl, published by the Danish Seed Growers.

Hamburg Prices of Canned Fruits, Juices

The following importers' selling prices include both duty and sugar levy, but exclude value-added taxes which became effective January 1, 1968. The July 1967 prices included the now expired turnover tax and may not have taken full account of the newly applied sugar levy.

Type and quality	Size of can	Price per dozen units: July 1967	April 1968	July 1968	Origin
CANNED FRUIT		*U.S. dol.*	*U.S. dol.*	*U.S. dol.*	
Apricots, halves:					
Choice	10	—	11.10	11.10	Spain
Not specified	2½	—	3.21	3.21	Spain
Do	2½	—	3.18	3.33	Greece
Do	2½	—	—	3.39	S. Africa
Do	2½	—	2.88	2.88	Bulgaria
Peaches, halves:					
Choice, light syrup	10	—	13.65	13.65	S. Africa
Not specified	2½	—	—	3.66	Australia
Do	2½	—	3.30	3.30	Greece
Do	10	—	12.30	12.75	Italy
Pears:					
Heavy syrup	2½	4.05	3.90	3.99	Italy
Fruit cocktail:					
Choice, heavy syrup	2½	5.34	5.55	5.55	U.S.
Do	303	—	3.60	3.60	U.S.
Do	2½	—	4.77	4.83	S. Africa
Choice, light syrup	303	—	3.06	3.06	U.S.
Do	10	—	18.45	18.45	U.S.
Standard, light syrup	2½	—	—	4.71	Australia
Pineapple:					
Whole slices:					
Fancy	2½	5.16	5.16	5.16	U.S.
Do	20 oz.	—	2.88	2.88	Philippines
Choice	20 oz.	3.30	3.18	3.18	U.S.
Do	2½	—	3.80	3.80	U.S.
Not specified	2½	4.56	4.17	4.17	U.S.
Do	2½	3.51	—	3.36	Taiwan
Do	2½	3.30	3.24	3.27	S. Africa
Pieces and halves:					
Choice	2½	—	3.18	3.12	S. Africa
Not specified	2½	2.91	2.97	2.82	Taiwan
Crushed:					
Not specified	10	12.06	11.16	11.25	Philippines
Do	10	—	9.15	9.30	Taiwan
CANNED JUICES					
Grapefruit, unsweetened	1 qt.[1]	3.60	4.47	4.56	U.S.
Do	43 oz.	3.99	3.60	3.39	Israel
Do	43 oz.	—	3.24	3.27	Greece
Orange, unsweetened	1 qt.[1]	3.60	4.41	4.47	U.S.
Do	43 oz.	—	3.51	3.51	Israel
Do	43 oz.	3.60	3.30	3.36	Greece

[1] Packed in glass bottles.

U.S. Cotton Exports for June

U.S. cotton exports in June 1968 totaled 277,000 running bales, compared with 383,000 during May and 299,000 in June a year earlier.

Exports in the first 11 months (August-June) of this season totaled 3,848,000 bales, down about 13 percent from 4,441,000 for the same period a year earlier.

U.S. COTTON EXPORTS BY DESTINATION
[Running bales]

Destination	Year beginning August 1				
	Average 1960-64	1965	1966	Aug.-June	
				1966	1967
	1,000 bales	*1,000 bales*	*1,000 bales*	*1,000 bales*	*1,000 bales*
Austria	23	3	4	4	1
Belgium-Luxembourg	121	43	52	51	41
Denmark	14	7	8	7	9
Finland	17	8	15	15	11
France	319	108	163	159	141
Germany, West	269	92	159	156	98
Italy	345	102	263	253	242
Netherlands	110	38	31	30	34
Norway	13	10	10	10	6
Poland & Danzig	125	42	78	77	76
Portugal	21	6	1	1	8
Spain	74	10	1	1	7
Sweden	81	59	71	70	71
Switzerland	74	35	79	78	58
United Kingdom	244	131	153	145	117
Yugoslavia	112	169	139	138	63
Other Europe	17	12	11	10	24
Total Europe	1,979	875	1,238	1,205	1,007
Australia	61	33	17	14	17
Bolivia	7	4	9	9	0
Canada	353	269	297	279	137
Chile	18	3	3	3	1
Colombia	3	57	1	1	0
Congo (Kinshasa)	6	25	34	8	1
Ethiopia	9	20	9	7	21
Ghana	1	1	15	13	10
Hong Kong	148	94	183	179	267
India	314	63	289	265	317
Indonesia	40	(1)	161	161	63
Israel	15	5	2	2	4
Jamaica	4	5	5	5	1
Japan	1,192	705	1,293	1,250	1,011
Korea, Republic of	261	301	372	335	319
Morocco	12	12	14	13	27
Pakistan	14	6	3	3	18
Philippines	123	93	134	129	123
South Africa	41	27	38	37	22
Taiwan	209	178	373	349	334
Thailand	34	55	70	64	81
Tunisia	2	13	15	14	14
Uruguay	6	(1)	0	0	0
Venezuela	8	5	1	1	(1)
Vietnam, South	46	73	66	65	18
Other countries	18	20	27	30	35
Total	4,924	2,942	4,669	4,441	3,848

[1] Less than 500 bales.

Mexico's Cotton Acreage Expands

Mexico's 1968-69 cotton crop is now planted in most areas, and indicators show acreage to be about 5 percent above that in the current season. In the high-yielding Sonora region where harvest is already beginning, the area is estimated at about 400,000 acres, an increase of around 25 percent from the level of 1967-68.

Production in 1968-69 is expected to be up substantially more than area, because yields in the Tampico region are likely to be much higher than in the past two seasons. The abnormally low yields in this region during 2 consecutive seasons have discouraged farmers and financiers; thus, acreage planted to cotton next season will probably be about the same as in 1967-68.

Mexico's 1967-68 cotton crop is now estimated at 2 million bales (480 lb. net), compared with 2.25 million a year earlier. This season's crop is the smallest since 1961-62. Most of the decline in production was in the Mexicali and Tampico regions. Reduced yields in the Mexicali area resulted from unfavorable weather conditions as well as severe insect damage. Dry weather early in the season and flooding later in the season resulted in both reduced acreage harvested and yields below normal in the Tampico-Altamira region. This is the second consecutive season of low production here.

Mexican cotton exports in the 1967-68 season are forecast at 1,300,000 bales, compared with 1,392,000 a year earlier. During the first 9 months (August-April) of the current marketing year, exports totaled 1,095,000 bales, about 16 percent below the 1,309,000 shipped during those months a year earlier. Exports to major destinations during this period, with figures in parentheses for the same period in 1966-67, were: Japan 432,000 bales (570,000); United States 357,000 (216,000)—mostly for transshipment; Italy 78,000 (172,000); Chile 57,000 (73,000); France 27,000 (86,000); Canada 23,000 (837); and West Germany 20,000 (63,000).

Consumption of raw cotton by the Mexican textile industry is placed at 725,000 bales in 1967-68, compared with 670,000 last season. During the past decade, Mexico's textile industry has experienced a steady expansion. Local demand for textiles is increasing and export markets are being expanded.

June U.S. Tobacco Exports Set High for 1968

June 1968 exports of unmanufactured tobacco totaled 45.6 million pounds, valued at $39.2 million. By volume this is the highest movement of tobacco in 6 months, 4 percent higher than shipments of the previous month and 16 percent higher than those of June 1967. The totals for the 6-month period ending June 30, 1968, shows a 2.7-percent decrease in exports compared with the same period of 1967.

Exports of tobacco products in June were valued at $15.2 million or $2 million higher than exports of products in June 1967. Exports of cigarettes continued at about the same level as last year both for June and for 1968 to date.

U.S. EXPORTS OF TOBACCO PRODUCTS

Kind	June		January-June		Change from 1967
	1967	1968	1967	1968	
Cigars and cheroots					*Percent*
1,000 pieces	4,480	3,676	36,585	37,405	+2.2
Cigarettes					
Million pieces	2,396	2,455	12,100	12,026	—.6
Chewing and snuff					
1,000 pounds	65	18	155	120	—22.6
Smoking tobacco in pkgs.					
1,000 pounds	134	89	591	700	+18.4
Smoking tobacco in bulk					
1,000 pounds	891	2,363	7,076	9,433	+33.3
Total declared value					
Million dollars	12.8	15.2	67.5	73.0	+8.1

Bureau of the Census.

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U.S. EXPORTS OF UNMANUFACTURED TOBACCO
[Export weight]

Kind	June		January-June		Change from 1967
	1967	1968	1967	1968	
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*Percent*
Flue-cured	30,794	37,072	183,673	183,856	+0.1
Burley	2,518	1,982	25,022	17,711	−29.2
Dark-fired					
Ky.-Tenn.	891	1,877	10,827	8,414	−22.3
Va. Fire-cured [1]	101	274	2,111	2,146	+1.7
Maryland	229	961	7,396	4,707	−36.4
Green River	466	127	720	466	−35.3
One Sucker	178	62	655	198	−69.8
Black Fat	156	25	2,049	1,083	−47.1
Cigar wrapper	698	508	1,871	2,411	+28.9
Cigar binder	511	159	1,393	1,759	+26.3
Cigar filler	197	100	471	230	−51.2
Other	2,705	2,467	14,738	21,187	+43.8
Total	39,444	45,614	250,926	244,168	−2.7
Declared value	*Mil dol.* 32.5	*Mil dol.* 39.2	*Mil dol.* 213.6	*Mil dol.* 208.9	*Percent* −2.2

[1] Includes sun-cured.
Bureau of the Census.

Weekly Report on Rotterdam Grain Prices

Rotterdam offer prices for U.S. hard wheats declined during the week ending July 30, 1968. The price for U.S. Hard Winter was down 4 cents, while U.S. Spring declined 3 cents. U.S. Soft Red Winter increased 3 cents; Canadian Manitoba decreased 2 cents. USSR 121 and Argentine prices were unquoted.

U.S. corn was down 3 cents and Argentine corn down by 1 cent. The price for South African White rose 1 cent.

Item	30 July	23 July	A year ago
	Dol. per bu.	*Dol. per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 2 Manitoba	2.01	2.03	2.16
USSR 121	(1)	(1)	(1)
U.S. No. 2 Northern/Dark Northern Spring, 14 percent	1.91	1.94	2.08
U.S. No. 2 Hard Winter, 14 percent	1.93	1.97	1.96
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	1.76	1.73	1.74
Corn:			
U.S. No. 3 Yellow	1.25	1.28	1.48
Argentine Plate	1.44	1.45	1.61
South African White	1.45	1.44	(1)

[1] Not quoted.
Note: All quotes c.i.f. Rotterdam for 30- to 60-day delivery.

Britain To Raise Cereal Import Prices

New minimum import price levels for cereals entering the United Kingdom will come into force on August 1, 1968. The U.K. Minister of Agriculture announced that agreement had been reached with overseas supplying countries on increased minimum price levels for cereals and cereal products and byproducts.

The new levels show an increase of 12 to 13 percent for wheat and a little over 9 percent for most feedgrains. These increases do not bring the minimums up to the dollar-equivalent values which existed prior to November 1967, since sterling devaluation at that time had the effect of a 16.67-percent reduction. The reason that the minimums were not adjusted upward by the full 16.67 percent is that, owing to declines in ocean freight costs and the current general level of world grain prices, it was thought that higher minimums might begin to force the regular imposition of levies. In such case, the result would be a raising of costs to grain users in the United Kingdom, rather than the desired effect of simply stabilizing grain prices.

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